

Memorandum



TO: Distribution List
FROM: Bryan Tippie, Budget Director
DATE: August 25, 2003
Re: Minutes of the August 21, 2003 Finance Committee Meeting

Committee Members present: Ms. McCamy

The Finance Committee met on August 21, 2003, at 4:00 p.m. in the 4th Floor Conference Room of the Court and Office Building. This document reflects the official minutes of that meeting.

County Treasurer's Report: The Treasurer's Report was included in the agenda packet for the Finance Committee's consideration.

County Attorney's Report: The County Attorney's Report was included in the agenda packet for the Finance Committee's consideration.

Consent Agenda

Supplemental Appropriations:

The following supplemental appropriations were approved for forwarding to the Board of Supervisors for their consideration unless otherwise noted.

FY 2003

1. Sheriff's Office - \$75,324

\$75,324 from Court Fees was approved for appropriation to fund part-time temporary courthouse security personnel.

2. Agriculture Department - \$13,938

\$13,938 in special events revenue from the Homegrown Dinner, Fall Farm Tour and Small Farm Festival was approved for appropriation to mitigate these event's expenses.

3. Budget Office - \$547,425

- a. \$147,425 interest received on the New Baltimore Sewer Project loan was approved for appropriation to pay the interest on the loan.
- b. \$400,000 reserved for the Botha Project is being returned to the Utility Fund where payment will be made for the Botha Project as required.

FY 2004

4. Sheriff's Office - \$17,766

- a. \$6,812 in Fund Balance – Carryover from Federal Local Law Enforcement Block Grant (LLEBG) was approved for appropriation for overtime associated with operating primary truck enforcement checkpoints.
- b. \$10,954 in Fund Balance - Carryover from a State Forfeited Asset Sharing Program was approved for appropriation for use in law enforcement.

5. Social Services - \$10,964

State Funds of \$10,964 from Foster Parent Training Grant for salary costs were approved for appropriation.

6. Fire and Emergency Services - \$10,822

\$10,822 was approved for appropriation from Federal Funds for emergency operations planning.

Transfers:

FY 2004

1. Budget Office - \$814,039

\$814,039 was approved for transfer from the Non-Departmental salary account to General Fund Departments and Parks & Recreation budgets for merit pay adjustments.

2. Social Services - \$3,655

\$3,655 in local funding match (25%) for the Foster Parent Training Grant was approved for transfer from the Social Services budget to support salary related costs.

3. County Administrator - \$1,447

Reimbursement of \$1,447 was approved for transfer from Contribution Rebates to the Fauquier County Fair Board for the County Fair's operation permit fees.

4. Fauquier County SPCA - \$300

\$300 for a SPCA zoning appeal application was approved for transfer from the Rebates cost code.

Regular Agenda

Supplemental Appropriations:

FY 2003

1. School Division - \$80,000

\$30,000 from Federal Funds, \$42,000 from Food Nutrition revenue and \$8,000 from Food Nutrition Fund Balance was approved for appropriation to cover food supply purchases.

FY 2004

2. Library - \$6,796.08

Movement of \$6,796.08 from the Capital Fund to the Library operating budget for painting was approved for appropriation. This action is part of the continuing effort of the Finance Department and Budget Office to move non-capital appropriations out of the Capital Fund.

3. Budget Office - \$80,000

Discussion ensued pertaining to the Economic Opportunity (EO) Fund. The Finance Committee directed a policy be prepared which states how the funds will be used and made available to the businesses and organizations identified to receive EO funds. Paul McCulla, County Attorney, indicated he would research the issue and assist in developing the policy. He further stated that the use of the Industrial Development Authority (IDA) in this process may be key to appropriate and legal use of the EO funds.

- a. \$30,000 from the EO Fund for improvements to the sanitation system at the Flying Circus facility was approved for appropriation. The actual release of funds would not occur until the Flying Circus is approved for 501 (c) status.
- b. \$50,000 from the EO Fund (\$10,000 per year for five years) for the Remington Main Street Redevelopment Project was approved for appropriation. The appropriate method for addressing multi-year funding for this project is being determined.
- c. \$1,000,000 from Fund Balance – Carryover was approved to replenish the County Contingency Reserve.

4. Finance - \$24,000

Auditor support for GASB 34 conversion in the amount of \$24,000 from Fund Balance – Carryover was approved for appropriation.

Transfers:

1. School Division

\$77,000 was approved for transfer from the Capital Fund School Construction Reserve to the CIP Roof cost code for roof replacement projects at Bradley Elementary, Fauquier High, Warrenton Middle and the Maintenance Shop.

2. Sheriff's Office

\$179,121 was approved for transfer from the Contingency Reserve to the Clarke, Fauquier, Frederick, Winchester (CFFFW) Regional Jail budget due to increased operating expenses resulting from inmate overcrowding. The amount is the County's pro rata share of hiring an additional 24 personnel at the facility. The Finance Committee directed this item be placed as a separate consent item on the next Board of Supervisors' agenda.

Finance:

Health Insurance – Janice Bourne, Finance Director, provided the monthly health insurance report. She indicated that the health care fund balance for the end of the

year (approximately \$4 million) had changed little from the beginning year balance.

Accounting Adjustments - Janice Bourne and Bryan Tippie, Budget Director, explained that a number of accounting adjustments were required to comply with the State's Chart of Accounting Codes and auditor recommendations. These adjustments do not increase or decrease the budget, but move budgeted appropriations to reflect the true expenditure or receipt of revenue. An example is \$11,350,000 in Personal Property Tax Relief Act (PPTRA) State revenue. This action required movement of appropriations from the total personal property revenue account code to the State element of PPTRA where the State revenue was received. Another similar example was \$237,433 in the Fire and Reserve Fund, which also required the movement of appropriation to where the revenue was actually reported received.

Virginia Public School Authority (VPSA) Bond Resolution for the 2nd installment (2nd and 3rd borrowings) of \$12.4 million for Auburn Middle School will be presented at the September 15, 2003 Board of Supervisors' Meeting.

Budget Office:

Bryan Tippie, Budget Director, discussed the following issues:

Budget Kickoff – The official Budget Kickoff Meeting was held this morning, August 21, 2003. He stated the established timelines may be delayed slightly due to familiarizing the new Board of Supervisors' members with the process and issues.

Revenue Report - The Revenue Committee met on August 13 and refined several of the revenue amounts for both FY 2003 and FY 2004.

Fund Balance – Carryover - A short outline of the projected year end Fund Balance was presented to the Committee. A copy of correspondence on this issue is attached.

**The next Finance Committee Meeting will be
September 18, 2003 at 4:00 p.m.**

From: Tippie, Bryan
Sent: Wednesday, August 20, 2003 10:50 AM
To: Lee, Bob
Cc: Wheeler, Randy; Hooper, Anthony; Bourne, Janice; Skinker, William
Subject: General Fund, Fund Balance - Initial Unaudited Estimate
Mr. Graham asked me to provide an early estimate of the fund balance for FY 2003. Based on financial reports run on 8/18/03 the following information was provided him. All numbers are in millions.

FY 2003:

Unrestricted, undedicated, unexpended appropriations (budget)	\$1.3
Revenue over the appropriated (budget) amounts	<u>\$2.1</u>
Estimated Fund Balance from FY 2003	\$3.4
 Prior year fund balance in excess of 10%	 \$2.5
 Total Estimated amount to the County Construction Reserve	 \$5.9

The remaining fund balance of 10% would be \$10.1 million.

Note: This is a very preliminary estimate of fund balance. The Finance Director has indicated a number of actions are still being addressed including several revenue issues. Also the auditors have just begun their work on reviewing FY 2003.

However based on the information available currently for FY 2003 it is not expected that the amounts reflected will decrease. A greater probability is that they may increase. As soon as the auditor completes their work a revised document will be provided.

Bryan Tippie

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